

## Message Text

SECRET

PAGE 01 BANGKO 05553 111223Z

67

ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 MC-02 AID-05 ACDA-05 OMB-01

TRSE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /079 W

----- 088722

R 111024Z MAR 76

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9957

INFO AMEMBASSY TEHRAN

COMUSMACTHAI BANGKOK TH

S E C R E T BANGKOK 5553

E.O. 11652: GDS

TAGS: MARR, MASS, PFOR, EGEN, TH, US

SUBJ: MUNITIONS PRODUCTION IN THAILAND

REF: STATE 38541

1. ROBERT BARRY, VICE PRESIDENT OF U.S. MUNITIONS CONSORTIUM (USMC), AND BANGKOK COLLEAGUE A.J. DAMOTTA CALLED AT EMBASSY MARCH 11 TO ASK WHETHER EMBASSY HAD RECEIVED LETTER WHICH, THEY ALLEGED, JAMES KLEMSTINE, EA/TB, ASSURED THEM WOULD REACH EMBASSY BY MARCH 10. MR. BARRY SAID HE UNDERSTOOD LETTER WOULD SAY USG POSES NO OBJECTION TO USMC PLANS TO MANUFACTURE 20MM AMMUNITION IN, AND EXPORT IT FROM, THAILAND.

2. MR. BARRY SAID USMC HAS SECURED \$2 MILLION IN U.S. AND THAILAND TO CONSTRUCT AND EQUIP PROPOSED PLANT, AND THAT MAJOR THRUST NOW IS TO SECURE COMMITMENT FROM GOVERNMENT OF IRAN TO PURCHASE 15 MILLION ROUNDS OF 20MM AMMO OVER PERIOD OF THREE YEARS. HE SAID GOI HAS IN PAST PURCHASED 20MM AMMO FROM OLIN-WINCHESTER IN U.S., BUT WILL NOT BE ABLE TO DO SO IN FUTURE BECAUSE OLIN-WINCHESTER HAS FIRM, FIVE-YEAR CONTRACTS TO MAKE SUCH SALES THROUGH LOCAL AGENTS WHILE IRANIAN REGULATIONS NOW PROHIBIT PURCHASES THROUGH AGENTS. MR. BARRY ADDED THAT GOI OFFICIALS ARE RELUCTANT TO PURCHASE

SECRET

SECRET

PAGE 02 BANGKO 05553 111223Z

VIA FMS CHANNELS BECAUSE THEY BELIEVE ORDER FOR 15 MILLION

ROUNDS WOULD BE SUBJECT TO CONGRESSIONAL SCRUTINY AND THAT PRO-ISRAELI CONGRESSMEN, ON LEARNING THAT GOI PROCURES 20MM AMMO FOR NUMBER OF ARAB GOVERNMENTS, WOULD REJECT FMS PROPOSAL. MR. BARRY LEFT WITH US COPIES OF CABLES EXCHANGED BETWEEN USMC AND LT. GEN. M. MASSUMI, DEPUTY MINISTER OF WAR IN TEHRAN.

3. MR. BARRY SAID USMC IS PREPARED TO BEGIN CONSTRUCTION OF PLANT IN SERIES OF BUILDINGS AT DON MUANG AIRFIELD IMMEDIATELY. HOWEVER, GO-AHEAD DECISION DEPENDS, HE SAID, ON AGREEMENT BETWEEN GOI AND RTG ON EXPORTS TO TEHRAN BY USMC, AND THAT AGREEMENT IN TURN DEPENDS ON ATTITUDE OF USG.

5. UNDER PROPOSAL DESCRIBED BY BARRY, USMC WOULD CONSTRUCT, EQUIP, AND OPERATE AMMO PLANT ON COMMERCIAL BASIS, WITH RTG OBLIGATED TO PURCHASE 7.7 MILLION ROUNDS, FOR TOTAL OF U.S. \$40 MILLION, (OR ABOUT US\$ 5.20 PER ROUND) OVER PERIOD OF FIVE YEARS. DURING THAT PERIOD, USMC WOULD ALSO HAVE AUTHORITY TO EXPORT, PAYING RTG ROYALTY OF 25 CENTS PER ROUND. AT END OF FIVE YEARS, USMC WOULD TURN PLANT OVER TO RTG.

6. COMMENT: THE PURELY THAI ASPECTS OF USMC PROPOSAL ARE, OF COURSE, MATTERS FOR THE RTG TO DECIDE. PRESUMABLY THE PLANT (COST-EFFECTIVENESS ASIDE), WOULD MAKE THE RTAF SELF-SUFFICIENT IN AT LEAST ONE IMPORTANT MUNITION, AND EXPORTS MIGHT HAVE SOME REGIONAL APPEAL. HOWEVER, WE DEFER TO THE DEPARTMENT AND TO EMBASSY TEHRAN AS TO THE ADVISABILITY OF MAKING POSSIBLE THE EXPORT OF MUNITIONS TO THIRD COUNTRIES IN COMPETITION WITH U.S. MANUFACTURERS. IN THAT REGARD, MR. BARRY CONTENDS THE GOI IS, FOR REASONS NOTED IN PARA 2 ABOVE, NOT ABLE TO MEET ITS REQUIREMENTS FROM U.S. SOURCES, AND WILL THEREFORE PROBABLY TURN TO LA FORGE CO., IN BELGIUM AT A COST OF ABOUT U.S. \$8 PER ROUND FOB BRUSSELS AS COMPARED WITH AN OLIN-WINCHESTER PRICE OF \$4.85 PER ROUND FOB NEW YORK AND PROPOSED USMC PRICE OF \$4 PER ROUND FOB BANGKOK.

7. PLEASE ADVISE ASAP.  
WHITEHOUSE

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARMS PRODUCTION, MUNITIONS CONTROLS, INDUSTRIAL PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976BANGKO05553  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760092-1079  
**From:** BANGKOK  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760373/aaaacmaw.tel  
**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** SECRET  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 38541  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 31 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <31 MAR 2004 by MartinML>; APPROVED <01 APR 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MUNITIONS PRODUCTION IN THAILAND  
**TAGS:** MARR, MASS, PFOR, EGEN, TH, US, IR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006